

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00
XMB-02 OPIC-03 LAB-04 EPG-02 SIL-01 OMB-01 CU-02
MCT-01 OES-07 SNM-02 DEAE-00 AGRE-00 ITC-01 /097 W
-----272256Z 097103 /61

P R 272055Z MAY 77

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC PRIORITY 1761

INFO AMEMBASSY CARACAS

USSOUTHCOM

AMCONSULATE CALI

AMCONSULATE BARRANQUILLA

AMCONSULATE MEDELLIN

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EO 11652: NA

TAGS: PINT PINS ECON CASC ELAB

SUBJ: THE WEEK IN COLOMBIA

1. SUMMARY: A KIDNAPPED US BUSINESSMAN WAS RELEASED UNHARMED AFTER SOME EIGHT MONTHS OF CAPTIVITY. THE ECONOMY, ESPECIALLY INFLATION'S ROLE IN IT, CONTINUED TO BE OF PRIMARY CONCERN AS THE GOC ANNOUNCED PRELIMINARY FIGURES FOR THE 1978 BUDGET AND ADOPTED NEW MONETARY MEASURES, WHILE WORKERS STAGED AND PLANNED WAGE-RELATED STRIKES. STUDENTS, BOTH LEFTIST AND RIGHTIST, CONTINUED TO DEMAND CHANGES IN THE UNIVERSITY SYSTEM. DISCOVERY OF A LARGE MARIJUANA PLANTATION SEIZED PUBLIC ATTENTION AND HAS PROMPTED GOC QUESTIONS ON ERADICATION.

2. KIDNAPPED US BUSINESSMAN RELEASED; COMPANY NEGOTIATORS ARRESTED. US BUSINESSMAN GUSTAVO CURTIS WAS RELEASED UNHARMED FOLLOWING A RANSOM PAYMENT TO KIDNAPPERS WHO HAD HELD HIM FOR LIMITED OFFICIAL USE

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SOME EIGHT MONTHS. FOUR PERSONS, INCLUDING ANOTHER AMERICAN BUSINESSMAN, WHO ALLEGEDLY WERE INVOLVED IN NEGOTIATING CURTIS' RELEASE, WERE ARRESTED BY ORDER OF THE JUDGE INVESTIGATING THE CASE FOR THEIR PART IN THE MATTER. COLOMBIAN AUTHORITIES, SO FAR, HAVE ALSO REFUSED TO ALLOW CURTIS TO LEAVE THE COUNTRY PENDING FURTHER INVESTIGATION (DETAILS REPORTED SEPTTEL).

3. GOC ADOPTS NEW MONETARY MEASURES. THE GOC ADOPTED A SERIES OF NEW MONETARY MEASURES THIS WEEK IN ITS CONTINUING BATTLE AGAINST INFLATION. THE PRIMARY MOVE WAS TO INCREASE FROM 10 TO 15 PERCENT THE DISCOUNT FOR THE IMMEDIATE CONVERSION OF COFFEE AND SERVICE DOLLARS TO PESOS AND TO EXTEND FROM 30 TO 90 DAYS THE PERIOD WITHIN WHICH THE EXCHANGE CERTIFICATES WILL BE DISCOUNTED. (BOGOTA 4893). ADDITIONAL MEASURES INCLUDE THE EXTENSION UNTIL NOVEMBER 30 OF REDUCED DUTIES FOR IMPORTS OF CAPITAL GOODS, AND THE REDUCTION FROM 18 TO 13 PERCENT IN PROEXPO'S (THE GO'S EXPORT PROMOTION ORGANIZATION) INTEREST RATE ON LOANS FOR FINANCING MINOR EXPORTS. THE LATTER MOVE IS DESIGNED SPECIFICALLY TO ASSIST NON-TRADITIONAL EXPORTS WHICH MAY BE AFFECTED BY HIGH INFLATION COMBINED WITH THE FREEZING OF THE EXCHANGE RATE.

4. LABOR UNREST OVER INFLATION. PUBLIC EMPLOYEES IN MEDELLIN AND BUCARAMANGA STATED WORK STOPPAGES OF VARYING LENGTHS TO PROTEST THE SLOWNESS OF DEPARTMENTS AND MUNICIPALITIES IN REACHING AGREEMENT WITH THEIR UNIONS ON NEW WAGE RATES. IN SANTANDER DEPARTMENT (BUCARAMANGA), THE SITUATION RESEMBLED A GENERAL STRIKE AS THE WATER SUPPLY, ELECTRIC POWER, TELEPHONE AND SANITATION SYSTEMS WERE ALL SERIOUSLY DISRUPTED. MILITARY PERSONNEL WERE USED TO MAINTAIN MINIMAL SERVICES AND TO PROTECT THE SYSTEMS FROM

POSSIBLE SABOTAGE. IN MEDELLIN, A 24-HOUR WORK STOPPAGE WAS CALLED FOR MAY 26, BUT HAD LIMITED EFFECT AS THE GOVERNMENT QUICKLY DECLARED IT ILLEGAL AND ORDERED THE WORKERS BACK ON THE JOB WITH THE THREAT OF DISMISSAL. BOTH OF THESE INCIDENTS POINT UP THE GROWING PRESSURES ON THE GOVERNMENT TO BRING WAGE LEVELS IN LINE WITH INFLATION. FOR EXAMPLE, ON MAY 15, GOC PUT INTO EFFECT A 20 PERCENT LIMITED OFFICIAL USE

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WAGE INCREASE, BACKDATED TO JANUARY, FOR THE NATION'S 160 THOUSAND TEACHERS. THE NATIONAL UNION REPRESENTING THE BULK OF THESE TEACHERS, HOWEVERN HAS CALLED FOR A NATION-WIDE PROTEST STRIKE FOR JUNE 2 OR 3, TO REINFORCE THE UNION'S DEMAND FOR A FURTHER 20 PERCENT INCREASE. UNION AND MANAGEMENT OFFICIALS EXPECT THE LABOR SCENE TO BECOME MORE AGITATED IN COMING MONTHS AS MOUNTING INFLATION CUTS FURTHER INTO THE WORKERS' REAL WAGES.

5. PRELIMINARY 1978 BUDGET FIGURES RELEASED. THE GOVERNMENT ANNOUNCED THAT THE COMBINED BUDGET FOR 1978 WILL BE AROUND 83 BILLION PESOS, WHICH REPRESENTS A 33 PERCENT INCREASE OVER 1977. EXTERNAL AND INTERNAL BORROWING WILL BE A KEY FINANCING SOURCE, AND IS EXPECTED TO REGISTER A 120 PERCENT INCREASE OVER 1977 LEVELS. CURRENT EXPENDITURES WILL ABSORB 54 PERCENT OF THE 1978 BUDGET, INVESTMENT EXPENDITURES 31 PERCENT AND DEBT SERVICE 15 PERCENT. TOTAL INVESTMENT IS ESTIMATED AT 25.5 BILLION PESOS, WITH THE LARGEST AMOUNTS GOING TO PUBLIC WORKS, EDUCATION, HEALTH, AND AGRICULTURE.

6. STUDENT STRIKE FAILS; ANTI-RADICAL GROUP ANNOUNCED. A 24-HOUR NATIONWIDE UNIVERSITY STRIKE CALLED BY THE NATIONAL UNION OF UNIVERSITY STUDENTS (UNEU) TO PROTEST THE CLOSING OF THE NATIONAL UNIVERSITY (UN) IN BOGOTA (SEE BOGOTA 4424), FAILED FOR LACK OF SUPPORT ACCORDING TO MOST SOURCES. ONLY A FEW CENTERS OF HIGHER EDUCATION IN THE COUNTRY WERE AFFECTED, AND POLICE REPORTED ONLY MINOR INCIDENTS WITH NO SERIOUS VIOLENCE. A DIFFERENT GROUP OF UN STUDENTS HAS OFFERED ITS SUPPORT TO THE GOVERNMENT IN SUPPRESSING "ANARCHISM, VIOLENCE, AND LIBERTINAGE" ON CAMPUS. THE GROUP, WHICH CLAIMS TO REPRESENT THE MAJORITY OF UN STUDENTS, ALSO SUGGESTS GREATER AUTHORITY BE GRANTED TO SCHOOL OFFICIALS TO PROTECT THEIR RIGHT TO STUDY IN PEACE.

7. HUGE MARIJUANA PLANTATION DISCOVERED. THE DISCOVERY OF LARGE-SCALE MARIJUANA CULTIVATION IN A SINGLE AREA OF THE GUAJIRA IN N.E. COLOMBIA HAS RECEIVED A GREAT DEAL OF MEDIA COVERAGE AND HAS DRAWN HIGH-LEVEL GOC ATTENTION. ONE THOUSAND FIVE HUNDRED LIMITED OFFICIAL USE

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HECTARES WERE ORIGINALLY REPORTED AS BEING IN MARIJUANA, BUT SUBSEQUENT ESTIMATES BY GOC OFFICIALS HAVE SHRUNK TO THREE HUNDRED HECTARES. THE GOC HAS CONSULTED US REGARDING POSSIBLE WAYS OF DESTROYING THE PLANTS AND MAY REQUEST SOME FORM OF US ASSISTANCE, DEPENDING UPON THE METHOD OF ERADICATION IT DECIDES TO USE. THE WIDE-SPREAD CULTIVATION OF MARIJUANA IN THE GUAJIRA, AS WELL AS IN OTHER AREAS OF THE COUNTRY, IS COMMON KNOWLEDGE AND THE CURRENT FUROR IS UNLIKELY TO TRANSLATE ITSELF INTO A MAJOR CAMPAIGN AGAINST MARIJUANA PRODUCTION.
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Message Attributes

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Disposition Date: 22 May 2009
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